



JOSEPH R. BIDEN, III
ATTORNEY GENERAL

DEPARTMENT OF JUSTICE
820 NORTH FRENCH STREET
WILMINGTON, DELAWARE 19801

CONTACT JASON MILLER
PUBLIC INFORMATION OFFICER
PHONE (302) 577-8949
CELL (302) 893-8939
Jason.Miller@state.de.us

Media Release

June 1, 2011

Biden Declares BlueCross BlueShield of Delaware/Highmark Transaction a "Conversion"

Says his office's work to protect best interests of Delaware policyholders is not over

Wilmington – Today, Attorney General Beau Biden announced that his office has completed its examination of the proposed transaction between BlueCross BlueShield of Delaware (BCBSD) and Pittsburgh-based Highmark, Inc. under the Delaware Not-for-profit Healthcare Conversion Act (Title 29, Section 2531 of the Delaware Code).

“After carefully reviewing Delaware law, thousands of documents and other information provided to us we have determined that the proposed transaction constitutes a not-for-profit healthcare conversion transaction under Delaware law,” Attorney General Biden said.

As a result of the ruling, Biden’s office has informed BCBSD that Delaware law requires that a foundation be created for the public benefit asset that has accrued because of BCBSD’s favorable tax-exempt status. The foundation is designed to ensure that the portion of BCBSD’s reserves that accrued at the expense of Delaware taxpayers – the “public benefit asset” – be used for the benefit of Delawareans. The Attorney General’s office is working to determine the amount to be set aside in the foundation.

The work of the Attorney General’s Office in representing the best interest of Delaware policyholders continues, Biden said. BCBSD is part of Delaware’s fabric as the state’s largest health insurer, and any change to BCBSD can affect the provision of health care to its citizens. The Attorney General’s office has an ongoing responsibility to continue to ask questions and examine the broader implications of the proposed affiliation on the quality of care and level of customer service provided to BCBSD customers. The Insurance Commissioner is conducting a separate review of the proposed affiliation, and Biden’s office will continue reviewing documents and other important information as a party in that proceeding.

“We stand in the shoes of the citizens of Delaware,” Biden said, “and will continue to fulfill our responsibility to protect the public interest in our review of this proposed transaction.”

#